

United States Senate

WASHINGTON, DC 20510

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July 9, 2015

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Wheeler:

Many Americans have very few, if any, options when it comes to choosing their local cable and Internet providers. And, as the telecommunications industry becomes increasingly concentrated, this lack of choice has resulted in huge price increases and often poor service for consumers. We are writing to respectfully request the Federal Communication Commission's (FCC) assistance in empowering Americans with more information about ever-increasing rates for cable and Internet services and how providers calculate consumers' monthly bills. This request has added urgency in the context of the proposed merger between Charter Communications and Time Warner Cable (TWC), which will only increase concentration in the cable and broadband markets.

In addition to steeply rising prices, consumers are often unaware of the various fees that are tacked onto their monthly bills because of the lack of transparency in pricing. To cite just one example, Time Warner Cable began charging a cable modem rental fee in 2012 of \$3.95 a month. TWC then raised the price to \$5.99 a month in 2013. Today it charges \$8 a month, a 203 percent increase in three years' time, in addition to monthly broadband charges.

With increasing concentration in the industry, there are now de facto telecommunications monopolies throughout the United States. For example, just 37 percent of Americans have more than one option for high-speed broadband providers. Given the lack of incentive for companies to provide better quality service and competitive prices, it is no surprise that individuals rank cable and Internet providers last in customer satisfaction when compared to other companies in other industries.

The FCC has the mandate to collect pricing information and the duty to promote the deployment of broadband, and has taken a number of recent positive steps towards achieving these objectives. According to 47 USC §1303(c)(1)(B), the FCC "shall conduct and make public periodic surveys of consumers in urban, suburban, and rural areas in the large business, small business, and residential consumer markets to determine [. . .] (B) the amounts consumers pay per month for such capability." The Commission's collection of pricing information is critical to upholding its mission to protect consumers, and promote competition, and deploy broadband across America.

We need healthy competition to foster innovation and ensure fair prices for consumers. At the very least, Americans should be able to understand the price of the product they are buying and what their neighbors are paying for the same service.

In order to better serve consumers, we are requesting the Commission continue to fulfill its mandate and answer the following specific questions on the price of broadband and cable services:¹

- 1) How much do Americans pay for broadband and cable services, on average by state?
- 2) How much do Americans pay for broadband and cable services, on average by telecommunications provider?
- 3) How much do Americans living in urban areas pay for broadband and cable services, on average?
- 4) How much do Americans living in rural areas pay for broadband and cable services, on average?

As always, thank you for your consideration of our request. We look forward to working with the Commission to increase transparency for consumers.

Sincerely,



Bernard Sanders
United States Senator



Al Franken
United States Senator



Elizabeth Warren
United States Senator



Edward J. Markey
United States Senator

¹ Pricing information should include associated fees, such as usage caps and modem rental fees, in order to truly see the effects of these prices on consumers. In addition, when defining broadband, the FCC should consider not the company's advertised speed of broadband as specified in the Commission's 2013 collection order, but the actual speed delivered. For broadband, please break out answers by download speed tiers, the tiers being 4 megabits per second, 10 megabits per second, 25 megabits per second, 100 megabits per second, and 1 gigabits per second.



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 6, 2015

The Honorable Elizabeth Warren
United States Senate
C2 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Warren:

Thank you for your letter requesting that the Federal Communication Commission (FCC) provide more information regarding rates for cable and Internet services. I apologize for the tardiness of this response. Specifically, you ask that the FCC inventory pricing information on how much Americans pay on average for broadband and cable services based on state and telecommunications provider, as well as average rates by urban and rural areas. I agree that transparency, along with competition, empower consumers navigating the ever-changing telecommunication industry.

An enduring mission of the Commission is to promote and evaluate competition in the telecommunication marketplace. Accordingly, our work on cable service pricing is focused on the impact of competition. In 1992, the Cable Television Consumer Protection and Competition Act amended the Communications Act to provide the FCC with authority to collect cable pricing information and detailing the narrow scope in which it should be reported. Section 623(k) of the Act (47 USC 543(k)) requires the FCC to publish annually a statistical report on the average rates that cable operators charge for "basic cable service, other cable programming," and cable equipment. That section also requires the FCC to compare the rates of cable operators found to be subject to effective competition with those of cable operators that the FCC has not found to date to be subject to such effective competition.

To comply with this legislative mandate, since 1993, the Commission annually collects the rates from a random sampling of cable operators serving communities where the Commission has granted a petition for effective competition, and a random sample of operators serving other communities nationwide. For the last report, published in 2014, eight hundred cable operators were surveyed. The questionnaire included questions on the prices of basic cable service and other cable programming service offerings. The Commission also requested pricing information for expanded basic service—the basic service channels plus a large number of popular national cable networks—which is generally the most-subscribed-to level of service after basic service. The Commission also collected information on the price of the "next most popular" (next most subscribed) service after expanded basic, which generally includes all the programming channels included in the expanded basic service package and at least seven additional cable network channels. Finally, pricing information for converter boxes and other customer premises equipment was collected.

The latest report, discussing data for the year ending Jan 1, 2014 is available here: https://apps.fcc.gov/edocs_public/attachmatch/DA-14-1829A1.pdf. The report shows an average price for all communities of \$66.61 for the year ending January 1, 2014, a 3.1% increase over the prior year, and a 5.9% compound average annual growth rate from 1995-2014. The

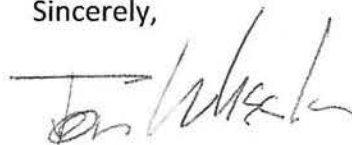
FCC's yearly compendium of cable pricing data is the primary basis of pricing data used by many commercial sources in their analysis of cable prices and industry trends.

The Commission collects data on broadband pricing only in limited circumstances such as in its work to ensure universal service – another key mission at the FCC. Decades ago the FCC was charged with making sure that every American had access to a telephone. Now it is access to the Internet that is essential for full participation in our society and democracy. The Commission relies upon its Universal Service Fund (USF) to help support programs that connect low-income Americans, connect libraries and school and expand coverage in hard-to-reach rural areas. To ensure that access in high-cost rural areas is available at reasonably comparable rates, the Wireline Competition Bureau collects data for a sample of stand-alone voice and broadband rates in urban areas to set rate benchmarks for recipients of high-cost Universal Service Fund support.

The methodology for determining the sample, the data collected, and the formula used to determine the reasonably comparable rate for USF are all described on our website (see <https://www.fcc.gov/encyclopedia/urban-rate-survey-data>). Such rates may not reflect the prices paid by consumers for a number of reasons: for example, subscribers may be on rate plans no longer offered by service providers, and may receive bundle or promotional discounts not reflected in the rates. As noted above, while we do have a sample of broadband rates in urban areas, the Commission does not collect data on prices paid by consumers and therefore does not have the data available to provide information about the prices consumers pay for broadband, either overall or along the different dimensions detailed in the letter (by state, by cable vs. telecom provider, in urban vs. rural areas).

I hope that this information is helpful, and please do not hesitate to contact me if I may be of further assistance.

Sincerely,

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Tom Wheeler



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 6, 2015

The Honorable Bernard Sanders
United States Senate
332 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Sanders:

Thank you for your letter requesting that the Federal Communication Commission (FCC) provide more information regarding rates for cable and Internet services. I apologize for the tardiness of this response. Specifically, you ask that the FCC inventory pricing information on how much Americans pay on average for broadband and cable services based on state and telecommunications provider, as well as average rates by urban and rural areas. I agree that transparency, along with competition, empower consumers navigating the ever-changing telecommunication industry.

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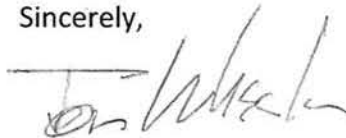
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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

November 6, 2015

The Honorable Edward J. Markey
United States Senate
218 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Markey:

Thank you for your letter requesting that the Federal Communication Commission (FCC) provide more information regarding rates for cable and Internet services. I apologize for the tardiness of this response. Specifically, you ask that the FCC inventory pricing information on how much Americans pay on average for broadband and cable services based on state and telecommunications provider, as well as average rates by urban and rural areas. I agree that transparency, along with competition, empower consumers navigating the ever-changing telecommunication industry.

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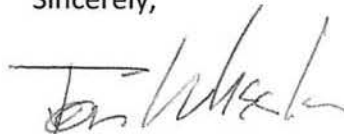
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Tom Wheeler



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

November 6, 2015

The Honorable Al Franken
United States Senate
309 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Franken:

Thank you for your letter requesting that the Federal Communication Commission (FCC) provide more information regarding rates for cable and Internet services. I apologize for the tardiness of this response. Specifically, you ask that the FCC inventory pricing information on how much Americans pay on average for broadband and cable services based on state and telecommunications provider, as well as average rates by urban and rural areas. I agree that transparency, along with competition, empower consumers navigating the ever-changing telecommunication industry.

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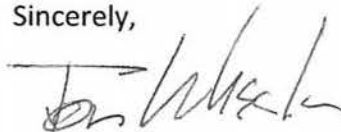
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